

House File 2663 - Introduced

HOUSE FILE _____
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO HF 2066)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the repeal of the local option sales and
2 services tax for school infrastructure purposes by using the
3 revenues from the increase in the state sales and use taxes
4 for replacing lost school district revenues resulting from the
5 repeal, providing property tax relief, providing for the
6 reduction in the state sales and use tax, providing a penalty,
7 and including an effective date provision.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 5058HV 82
10 mg/rj/24

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1 1 Section 1. Section 257.4, subsection 1, paragraph b, Code
1 2 2007, is amended to read as follows:
1 3 b. For the budget year beginning July 1, ~~2006~~ 2008, and
1 4 succeeding budget years, the department of management shall
1 5 annually determine an adjusted additional property tax levy
1 6 and a statewide maximum adjusted additional property tax levy
1 7 rate, not to exceed the statewide average additional property
1 8 tax levy rate, calculated by dividing the total adjusted
1 9 additional property tax levy dollars statewide by the
1 10 statewide total net taxable valuation. For purposes of this
1 11 paragraph, the adjusted additional property tax levy shall be
1 12 that portion of the additional property tax levy corresponding
1 13 to the state cost per pupil multiplied by a school district's
1 14 weighted enrollment, and then multiplied by one hundred
1 15 percent less the regular program foundation base per pupil
1 16 percentage pursuant to section 257.1. The district shall
1 17 receive adjusted additional property tax levy aid in an amount
1 18 equal to the difference between the adjusted additional
1 19 property tax levy rate and the statewide maximum adjusted
1 20 additional property tax levy rate, as applied per thousand
1 21 dollars of assessed valuation on all taxable property in the
1 22 district. The statewide maximum adjusted additional property
1 23 tax levy rate shall be annually determined by the department
1 24 taking into account amounts allocated pursuant to section
1 25 257.15, subsection 4. The statewide maximum adjusted
1 26 additional property tax levy rate shall be annually determined
1 27 by the department taking into account amounts allocated
1 28 pursuant to section 257.15, subsection 4, and the balance of
1 29 the property tax equity and relief fund created in section
1 30 257.16A at the end of the calendar year.
1 31 Sec. 2. Section 257.15, subsection 4, Code 2007, is
1 32 amended to read as follows:
1 33 4. a. ALLOCATIONS FOR MAXIMUM ADJUSTED ADDITIONAL
1 34 PROPERTY TAX LEVY RATE CALCULATION AND ADJUSTED ADDITIONAL
1 35 PROPERTY TAX LEVY AID. The department of management shall
2 1 allocate from amounts appropriated pursuant to section 257.16,
2 2 subsection 1, and from funds appropriated from the property
2 3 tax equity and relief fund created in section 257.16A for the
2 4 purpose of calculating the statewide maximum adjusted
2 5 additional property tax levy rate and providing adjusted
2 6 additional property tax levy aid as provided in section 257.4,
2 7 subsection 1, paragraph "b", an amount ~~not to exceed the~~
2 8 ~~following~~ equal to the sum of subparagraphs (1) and (2) as
2 9 follows:
2 10 (1) From the amount appropriated from the general fund of
2 11 the state pursuant to section 257.16, subsection 1, equal to
2 12 the following:

2 13 a. (a) For the budget year beginning July 1, 2006, six
2 14 million dollars.
2 15 ~~b.~~ (b) For the budget year beginning July 1, 2007, twelve
2 16 million dollars.
2 17 ~~c.~~ (c) For the budget year beginning July 1, 2008,
2 18 eighteen million dollars.
2 19 ~~d.~~ (d) For the budget year beginning July 1, 2009, and
2 20 succeeding budget years, twenty-four million dollars.
2 21 (2) From the amount appropriated from the property tax
2 22 equity and relief fund created in section 257.16A.

2 23 b. After lowering all school district additional property
2 24 tax levy rates to the statewide maximum adjusted additional
2 25 property tax levy rate under paragraph "a", the department of
2 26 management shall use any remaining funds at the end of the
2 27 calendar year to further lower additional property taxes by
2 28 increasing for the budget year beginning the following July 1,
2 29 the state foundation base percentage. Moneys used pursuant to
2 30 this paragraph shall supplant an equal amount of the
2 31 appropriation made from the general fund of the state pursuant
2 32 to section 257.16 that represents the increase in state
2 33 foundation aid.

2 34 Sec. 3. NEW SECTION. 257.16A PROPERTY TAX EQUITY AND
2 35 RELIEF FUND.

3 1 1. A property tax equity and relief fund is created as a
3 2 separate and distinct fund in the state treasury under the
3 3 control of the department of management. Moneys in the fund
3 4 include revenues credited to the fund, appropriations made to
3 5 the fund, and other moneys deposited into the fund.

3 6 2. There is appropriated annually all moneys in the fund
3 7 to the department of management for purposes of section
3 8 257.15, subsection 4.

3 9 3. Notwithstanding section 8.33, any moneys remaining in
3 10 the property tax equity and relief fund at the end of a fiscal
3 11 year shall not revert to any other fund but shall remain in
3 12 the property tax equity and relief fund for use as provided in
3 13 this section for the following fiscal year.

3 14 Sec. 4. Section 423.2, subsection 1, unnumbered paragraph
3 15 1, Code Supplement 2007, is amended to read as follows:

3 16 There is imposed a tax of ~~five~~ six percent upon the sales
3 17 price of all sales of tangible personal property, consisting
3 18 of goods, wares, or merchandise, sold at retail in the state
3 19 to consumers or users except as otherwise provided in this
3 20 subchapter.

3 21 Sec. 5. Section 423.2, subsections 2, 3, 4, and 5, Code
3 22 Supplement 2007, are amended to read as follows:

3 23 2. A tax of ~~five~~ six percent is imposed upon the sales
3 24 price of the sale or furnishing of gas, electricity, water,
3 25 heat, pay television service, and communication service,
3 26 including the sales price from such sales by any municipal
3 27 corporation or joint water utility furnishing gas,
3 28 electricity, water, heat, pay television service, and
3 29 communication service to the public in its proprietary
3 30 capacity, except as otherwise provided in this subchapter,
3 31 when sold at retail in the state to consumers or users.

3 32 3. A tax of ~~five~~ six percent is imposed upon the sales
3 33 price of all sales of tickets or admissions to places of
3 34 amusement, fairs, and athletic events except those of
3 35 elementary and secondary educational institutions. A tax of
4 1 ~~five~~ six percent is imposed on the sales price of an entry fee
4 2 or like charge imposed solely for the privilege of
4 3 participating in an activity at a place of amusement, fair, or
4 4 athletic event unless the sales price of tickets or admissions
4 5 charges for observing the same activity are taxable under this
4 6 subchapter. A tax of ~~five~~ six percent is imposed upon that
4 7 part of private club membership fees or charges paid for the
4 8 privilege of participating in any athletic sports provided
4 9 club members.

4 10 4. A tax of ~~five~~ six percent is imposed upon the sales
4 11 price derived from the operation of all forms of amusement
4 12 devices and games of skill, games of chance, raffles, and
4 13 bingo games as defined in chapter 99B, and card game
4 14 tournaments conducted under section 99B.7B, that are operated
4 15 or conducted within the state, the tax to be collected from
4 16 the operator in the same manner as for the collection of taxes
4 17 upon the sales price of tickets or admission as provided in
4 18 this section. Nothing in this subsection shall legalize any
4 19 games of skill or chance or slot-operated devices which are
4 20 now prohibited by law.

4 21 The tax imposed under this subsection covers the total
4 22 amount from the operation of games of skill, games of chance,
4 23 raffles, and bingo games as defined in chapter 99B, card game

4 24 tournaments conducted under section 99B.7B, and musical
4 25 devices, weighing machines, shooting galleries, billiard and
4 26 pool tables, bowling alleys, pinball machines, slot-operated
4 27 devices selling merchandise not subject to the general sales
4 28 taxes and on the total amount from devices or systems where
4 29 prizes are in any manner awarded to patrons and upon the
4 30 receipts from fees charged for participation in any game or
4 31 other form of amusement, and generally upon the sales price
4 32 from any source of amusement operated for profit, not
4 33 specified in this section, and upon the sales price from which
4 34 tax is not collected for tickets or admission, but tax shall
4 35 not be imposed upon any activity exempt from sales tax under
5 1 section 423.3, subsection 78. Every person receiving any
5 2 sales price from the sources described in this section is
5 3 subject to all provisions of this subchapter relating to
5 4 retail sales tax and other provisions of this chapter as
5 5 applicable.

5 6 5. There is imposed a tax of ~~five~~ six percent upon the
5 7 sales price from the furnishing of services as defined in
5 8 section 423.1.

5 9 Sec. 6. Section 423.2, subsection 7, paragraph a,
5 10 unnumbered paragraph 1, Code Supplement 2007, is amended to
5 11 read as follows:

5 12 A tax of ~~five~~ six percent is imposed upon the sales price
5 13 from the sales, furnishing, or service of solid waste
5 14 collection and disposal service.

5 15 Sec. 7. Section 423.2, subsection 8, paragraph a, Code
5 16 Supplement 2007, is amended to read as follows:

5 17 a. A tax of ~~five~~ six percent is imposed on the sales price
5 18 from sales of bundled transactions. For the purposes of this
5 19 subsection, a "bundled transaction" is the retail sale of two
5 20 or more distinct and identifiable products, except real
5 21 property and services to real property, which are sold for one
5 22 nonitemized price. A "bundled transaction" does not include
5 23 the sale of any products in which the sales price varies, or
5 24 is negotiable, based on the selection by the purchaser of the
5 25 products included in the transaction.

5 26 Sec. 8. Section 423.2, subsection 9, Code Supplement 2007,
5 27 is amended to read as follows:

5 28 9. A tax of ~~five~~ six percent is imposed upon the sales
5 29 price from any mobile telecommunications service which this
5 30 state is allowed to tax by the provisions of the federal
5 31 Mobile Telecommunications Sourcing Act, Pub. L. No. 106=252, 4
5 32 U.S.C. } 116 et seq. For purposes of this subsection, taxes
5 33 on mobile telecommunications service, as defined under the
5 34 federal Mobile Telecommunications Sourcing Act that are deemed
5 35 to be provided by the customer's home service provider, shall
6 1 be paid to the taxing jurisdiction whose territorial limits
6 2 encompass the customer's place of primary use, regardless of
6 3 where the mobile telecommunications service originates,
6 4 terminates, or passes through and shall in all other respects
6 5 be taxed in conformity with the federal Mobile
6 6 Telecommunications Sourcing Act. All other provisions of the
6 7 federal Mobile Telecommunications Sourcing Act are adopted by
6 8 the state of Iowa and incorporated into this subsection by
6 9 reference. With respect to mobile telecommunications service
6 10 under the federal Mobile Telecommunications Sourcing Act, the
6 11 director shall, if requested, enter into agreements consistent
6 12 with the provisions of the federal Act.

6 13 Sec. 9. Section 423.2, subsection 11, Code Supplement
6 14 2007, is amended to read as follows:

6 15 11. a. All revenues arising under the operation of the
6 16 provisions of this section shall be deposited into the general
6 17 fund of the state.

6 18 b. Subsequent to the deposit into the general fund of the
6 19 state and after the transfer of such revenues collected under
6 20 chapter 423B, the department shall transfer one-sixth of such
6 21 remaining revenues to the secure an advanced vision for
6 22 education fund created in section 423F.2. This paragraph is
6 23 repealed December 31, 2029.

6 24 Sec. 10. Section 423.2, Code Supplement 2007, is amended
6 25 by adding the following new subsection:

6 26 NEW SUBSECTION. 13. The sales tax rate of six percent is
6 27 reduced to five percent on January 1, 2030.

6 28 Sec. 11. Section 423.5, unnumbered paragraph 1, Code 2007,
6 29 is amended to read as follows:

6 30 Am Except as provided in subsection 3, an excise tax at the
6 31 rate of ~~five~~ six percent of the purchase price or installed
6 32 purchase price is imposed on the following:

6 33 Sec. 12. Section 423.5, subsection 3, Code 2007, is
6 34 amended to read as follows:

6 35 3. The An excise tax at the rate of five percent is
7 1 imposed on the use of vehicles subject to registration, or
7 2 subject only to the issuance of a certificate of title and the
7 3 use of leased vehicles, on the amount subject to tax as
7 4 calculated pursuant to section 423.27.
7 5 Sec. 13. Section 423.5, Code 2007, is amended by adding
7 6 the following new subsection:
7 7 NEW SUBSECTION. 9. The use tax rate of six percent is
7 8 reduced to five percent on January 1, 2030.
7 9 Sec. 14. Section 423.43, Code Supplement 2007, is amended
7 10 to read as follows:
7 11 423.43 DEPOSIT OF REVENUE == APPROPRIATIONS.
7 12 1. a. Except as otherwise provided in subsection 2 and
7 13 section 328.36, all revenues arising under the operation of
7 14 the use tax under subchapter III shall be deposited into the
7 15 general fund of the state.
7 16 b. Subsequent to the deposit into the general fund of the
7 17 state and after the transfer of such revenues collected under
7 18 chapter 423B, the department shall transfer one-sixth of such
7 19 remaining revenues to the secure an advanced vision for
7 20 education fund created in section 423F.2. This paragraph is
7 21 repealed December 31, 2029.
7 22 2. Except as otherwise provided in section 312.2,
7 23 subsection 14, all revenues derived from the use tax on motor
7 24 vehicles, trailers, and motor vehicle accessories and
7 25 equipment as collected pursuant to sections 423.26 and 423.27
7 26 shall be deposited and credited to the road use tax fund and
7 27 shall be used exclusively for the construction, maintenance,
7 28 and supervision of public highways-, except as follows:
7 29 1. a. ~~Notwithstanding any provision of this section which~~
7 30 ~~provides that all revenues derived from the use tax on motor~~
7 31 ~~vehicles, trailers, and motor vehicle accessories and~~
7 32 ~~equipment as collected pursuant to sections 423.26 and 423.27~~
7 33 ~~shall be deposited and credited to the road use tax fund,~~
7 34 ~~eighty Eighty percent of the revenues collected pursuant to~~
7 35 ~~sections 423.26 and 423.27 shall be deposited and credited as~~
8 1 follows:
8 2 a. (1) ~~Twenty-five percent of all such revenue, up to a~~
8 3 ~~maximum of four million two hundred fifty thousand dollars per~~
8 4 ~~quarter, shall be deposited into and credited to the Iowa~~
8 5 ~~comprehensive petroleum underground storage tank fund created~~
8 6 ~~in section 455G.3, and the moneys so deposited are a~~
8 7 ~~continuing appropriation for expenditure under chapter 455G,~~
8 8 ~~and moneys so appropriated shall not be used for other~~
8 9 ~~purposes.~~
8 10 b. (2) ~~Any such revenues remaining shall be credited to~~
8 11 ~~the road use tax fund.~~
8 12 2. b. ~~Notwithstanding any other provision of this section~~
8 13 ~~that provides that all revenue derived from the use tax on~~
8 14 ~~motor vehicles, trailers, and motor vehicle accessories and~~
8 15 ~~equipment as collected pursuant to section 423.26 shall be~~
8 16 ~~deposited and credited to the road use tax fund, twenty Twenty~~
8 17 ~~percent of the revenues collected pursuant to section 423.26~~
8 18 ~~shall be credited and deposited as follows: one-half~~
8 19 ~~(1) One-half to the road use tax fund and one-half,~~
8 20 ~~(2) One-half to the primary road fund to be used for the~~
8 21 ~~commercial and industrial highway network.~~
8 22 3. ~~All other revenue arising under the operation of the~~
8 23 ~~use tax under subchapter III shall be credited to the general~~
8 24 ~~fund of the state.~~
8 25 Sec. 15. Section 423E.3, subsections 1, 2, 3 and 4, Code
8 26 2007, are amended by striking the subsections.
8 27 Sec. 16. Section 423E.3, subsection 5, paragraphs a, b,
8 28 and c, Code 2007, are amended by striking the paragraphs.
8 29 Sec. 17. Section 423E.3, subsections 6 and 7, Code 2007,
8 30 are amended by striking the subsections.
8 31 Sec. 18. Section 423E.4, subsection 1, Code 2007, is
8 32 amended by striking the subsection.
8 33 Sec. 19. Section 423E.4, subsection 2, paragraph b,
8 34 subparagraph (3), Code 2007, is amended to read as follows:
8 35 (3) A school district that is located in whole or in part
9 1 in a county that voted on and approved the extension of the
9 2 local sales and services tax for school infrastructure
9 3 purposes pursuant to section 423E.2, subsection 5, Code 2007,
9 4 on or after April 1, 2003, shall receive for any extended
9 5 period an amount equal to its pro rata share of the local
9 6 sales and services tax receipts as provided in section 423E.3,
9 7 subsection 5, paragraph "d", not to exceed its guaranteed
9 8 school infrastructure amount. However, if the school
9 9 district's pro rata share is less than its guaranteed school
9 10 infrastructure amount, the district shall receive an

9 11 additional amount equal to its supplemental school
9 12 infrastructure amount.
9 13 Sec. 20. Section 423E.4, subsection 3, paragraph a, Code
9 14 2007, is amended to read as follows:
9 15 a. The director of revenue by August 15 of each fiscal
9 16 year shall compute the guaranteed school infrastructure amount
9 17 for each school district, each school district's sales tax
9 18 capacity per student for each county, the statewide tax
9 19 revenues per student, and the supplemental school
9 20 infrastructure amount for the ~~coming~~ fiscal year.
9 21 Sec. 21. Section 423E.4, subsection 3, paragraph b,
9 22 subparagraph (2), Code 2007, is amended to read as follows:
9 23 (2) "Sales tax capacity per student" means for a school
9 24 district the estimated amount of revenues that a school
9 25 district ~~receives or~~ would receive if a local sales and
9 26 services tax for school infrastructure purposes ~~is was~~ imposed
9 27 at one percent in the county pursuant to section 423E.2, Code
9 28 2007, as computed in subsection 8, divided by the school
9 29 district's actual enrollment as determined in section 423E.3,
9 30 subsection 5, paragraph "d".
9 31 Sec. 22. Section 423E.4, subsection 3, paragraph b,
9 32 subparagraph (3), Code 2007, is amended by striking the
9 33 subparagraph and inserting in lieu thereof the following:
9 34 (3) "Statewide tax revenues per student" means the amount
9 35 determined by estimating the total revenues that would be
10 1 generated by a one percent local option sales and services tax
10 2 for school infrastructure purposes if imposed by all the
10 3 counties during the entire fiscal year, as computed in
10 4 subsection 8, and dividing this estimated revenue amount by
10 5 the sum of the combined actual enrollment for all counties as
10 6 determined in section 423E.3, subsection 5, paragraph "d",
10 7 subparagraph (2).
10 8 Sec. 23. Section 423E.4, subsection 4, paragraph a, Code
10 9 2007, is amended to read as follows:
10 10 a. For the purposes of distribution under subsection 2,
10 11 paragraph "b", subparagraph (1), a school district with a
10 12 sales tax capacity per student below its guaranteed school
10 13 infrastructure amount shall use the amount equal to the
10 14 guaranteed school infrastructure amount less the pro rata
10 15 share amount in accordance with section 423E.3, subsection 5,
10 16 paragraph "d", for the purpose of paying principal and
10 17 interest on outstanding bonds previously issued for school
10 18 infrastructure purposes as defined in section 423E.1,
10 19 subsection 3, Code 2007. Any money remaining after the
10 20 payment of all principal and interest on outstanding bonds
10 21 previously issued for infrastructure purposes may be used for
10 22 any authorized infrastructure purpose of the school district.
10 23 If a majority of the voters in the school district approves
10 24 the use of revenue pursuant to a revenue purpose statement in
10 25 an election held after July 1, 2003, in the school district
10 26 pursuant to section 423E.2, Code 2007, the school district may
10 27 use the amount for the purposes specified in its revenue
10 28 purpose statement.
10 29 Sec. 24. Section 423E.4, subsection 7, Code 2007, is
10 30 amended to read as follows:
10 31 7. Notwithstanding subsection 2 ~~of this section~~ or any
10 32 other provision to the contrary, a school district that is
10 33 located in whole or in part in a county that has not
10 34 previously imposed the local sales and services tax for school
10 35 infrastructure, and which votes on and approves the tax at a
11 1 rate of one percent ~~on or after January 1, 2007, and~~ before
11 2 July 1, ~~2008~~ 2007, shall receive an amount equal to its pro
11 3 rata share of the local sales and services tax receipts as
11 4 provided in section 423E.3, subsection 5, paragraph "d", for a
11 5 period corresponding to one-half the duration of the tax
11 6 authorized by the voters. For the second half of the duration
11 7 of the tax authorized by the voters, local sales and services
11 8 tax receipts shall be distributed as otherwise applicable
11 9 pursuant to subsection 2 ~~of this section~~.
11 10 Sec. 25. Section 423E.4, Code 2007, is amended by adding
11 11 the following new subsection:
11 12 NEW SUBSECTION. 8. For purposes of calculating the amount
11 13 generated in a county, the sales tax capacity per student and
11 14 the statewide tax revenues per student under subsections 2 and
11 15 3, the following shall apply:
11 16 a. For fiscal years beginning on or after July 1, 2008,
11 17 the amount of revenues generated in a county by a one percent
11 18 local option sales and services tax for school infrastructure
11 19 purposes shall be deemed to equal the following:
11 20 (1) For the fiscal year beginning July 1, 2008, the amount
11 21 of revenues generated in a county equals the amount of

11 22 revenues generated in that county during the fiscal year
11 23 beginning July 1, 2007, increased or decreased by the revenue
11 24 factor, as computed in subparagraph (3).

11 25 (2) For fiscal years beginning on or after July 1, 2009,
11 26 the amount of revenues generated in a county equals the amount
11 27 of revenues generated in that county during the previous
11 28 fiscal year, as computed in this paragraph, increased or
11 29 decreased by the revenue factor, as computed in subparagraph
11 30 (3).

11 31 (3) The revenue factor for a fiscal year equals the
11 32 percentage change in the amount of state sales and use tax
11 33 revenues to be deposited in the general fund of the state for
11 34 that fiscal year compared to the amount of such revenues for
11 35 the previous fiscal year as estimated by the revenue
12 1 estimating conference at its latest meeting in the previous
12 2 fiscal year.

12 3 b. For fiscal years beginning on or after July 1, 2008,
12 4 the total statewide amount of revenues generated by a one cent
12 5 local option sales and services tax for school infrastructure
12 6 purposes shall be equal to the total of the amounts computed
12 7 under paragraph "a" for all counties for the fiscal year.

12 8 Sec. 26. Section 423E.5, Code 2007, is amended to read as
12 9 follows:

12 10 423E.5 BONDING.

12 11 The board of directors of a school district shall be
12 12 authorized to issue negotiable, interest-bearing school bonds,
12 13 without election, and utilize tax receipts derived from the
12 14 sales and services tax for school infrastructure purposes and
12 15 the supplemental school infrastructure amount distributed
12 16 pursuant to section 423E.4, subsection 2, paragraph "b", and
12 17 revenues received pursuant to section 423F.2, for principal
12 18 and interest repayment. Proceeds of the bonds issued pursuant
12 19 to this section shall be utilized solely for school
12 20 infrastructure needs as school infrastructure is defined in
12 21 section 423E.1, subsection 3, Code 2007, and section 423F.3.

12 22 Bonds issued under this section may be sold at public sale as
12 23 provided in chapter 75, or at private sale, without notice and
12 24 hearing as provided in section 73A.12. Bonds may bear dates,
12 25 bear interest at rates not exceeding that permitted by chapter
12 26 74A, mature in one or more installments, be in registered
12 27 form, carry registration and conversion privileges, be payable
12 28 as to principal and interest at times and places, be subject
12 29 to terms of redemption prior to maturity with or without
12 30 premium, and be in one or more denominations, all as provided
12 31 by the resolution of the board of directors authorizing their
12 32 issuance. The resolution may also prescribe additional
12 33 provisions, terms, conditions, and covenants which the board
12 34 of directors deems advisable, including provisions for
12 35 creating and maintaining reserve funds, the issuance of
13 1 additional bonds ranking on a parity with such bonds and
13 2 additional bonds junior and subordinate to such bonds, and
13 3 that such bonds shall rank on a parity with or be junior and
13 4 subordinate to any bonds which may be then outstanding. Bonds
13 5 may be issued to refund outstanding and previously issued
13 6 bonds under this section. ~~Local option sales and services tax~~

~~13 7 revenue. The bonds are a contract between contractual~~
~~13 8 obligation of the school district and holders, and the~~
13 9 resolution issuing the bonds and pledging local option sales
13 10 and services tax revenues or its share of the revenues
13 11 distributed pursuant to section 423F.2 to the payment of
13 12 principal and interest on the bonds is a part of the contract.
13 13 Bonds issued pursuant to this section shall not constitute
13 14 indebtedness within the meaning of any constitutional or
13 15 statutory debt limitation or restriction, and shall not be
13 16 subject to any other law relating to the authorization,
13 17 issuance, or sale of bonds.

13 18 A school district ~~in which a local option sales tax for~~
~~13 19 school infrastructure purposes has been imposed~~ shall be
13 20 authorized to enter into a chapter 28E agreement with one or
13 21 more cities or a county whose boundaries encompass all or a
13 22 part of the area of the school district. A city or cities
13 23 entering into a chapter 28E agreement shall be authorized to
13 24 expend its designated portion of the ~~local option sales and~~
~~13 25 services tax~~ revenues for any valid purpose permitted in this
13 26 chapter or authorized by the governing body of the city. A
13 27 county entering into a chapter 28E agreement with a school
13 28 district ~~in which a local option sales tax for school~~
~~13 29 infrastructure purposes has been imposed~~ shall be authorized
13 30 to expend its designated portion of the ~~local option sales and~~
~~13 31 services tax~~ revenues to provide property tax relief within
13 32 the boundaries of the school district located in the county.

13 33 A school district ~~where a local option sales and services tax~~
~~13 34 is imposed~~ is also authorized to enter into a chapter 28E
13 35 agreement with another school district, a community college,
14 1 or an area education agency which is located partially or
14 2 entirely in or is contiguous to the county where the ~~tax is~~
~~14 3 imposed school district is located.~~ The school district or
14 4 community college shall only expend its designated portion of
14 5 the ~~local option sales and services tax revenues~~ for
14 6 infrastructure purposes. The area education agency shall only
14 7 expend its designated portion of the ~~local option school~~
~~14 8 infrastructure sales tax revenues~~ for infrastructure and
14 9 maintenance purposes.

14 10 The governing body of a city may authorize the issuance of
14 11 bonds which are payable from its designated portion of the
14 12 revenues of the ~~local option sales and services tax to be~~
~~14 13 received under this section,~~ and not from property tax, by
14 14 following the authorization procedures set forth for cities in
14 15 section 384.83. A city may pledge irrevocably any amount
14 16 derived from its designated portions of the revenues of the
~~14 17 local option sales and services tax~~ to the support or payment
14 18 of such bonds.

14 19 Sec. 27. NEW SECTION. 423F.1 LEGISLATIVE INTENT.

14 20 It is the intent of the general assembly that the increase
14 21 in the state sales, services, and use taxes under chapter 423,
14 22 subchapters II and III, from five percent to six percent on
14 23 July 1, 2008, shall be used solely for purposes of providing
14 24 revenues to local school districts under this chapter to be
14 25 used solely for school infrastructure purposes or school
14 26 district property tax relief.

14 27 Sec. 28. NEW SECTION. 423F.2 REPEAL OF LOCAL SALES AND
14 28 SERVICES TAXES == SECURE AN ADVANCED VISION FOR EDUCATION
14 29 FUND.

14 30 1. a. After July 1, 2008, all local sales and services
14 31 taxes for school infrastructure purposes imposed under chapter
14 32 423E are repealed. After July 1, 2008, a county no longer has
14 33 the authority under chapter 423E or any other provision of law
14 34 to impose or to extend an existing local sales and services
14 35 tax for school infrastructure purposes.

15 1 b. The increase in the state sales, services, and use
15 2 taxes under chapter 423, subchapters II and III, from five
15 3 percent to six percent shall replace the repeal of the
15 4 county's local sales and services tax for school
15 5 infrastructure purposes. The distribution of moneys in the
15 6 secure an advanced vision for education fund and the use of
15 7 the moneys for infrastructure purposes or property tax relief
15 8 shall be as provided in this chapter. However, the formula
15 9 for the distribution of the moneys in the fund shall be based
15 10 upon amounts that would have been received if the local sales
15 11 and services taxes under chapter 423E, Code 2007, continued in
15 12 existence, as computed pursuant to section 423E.4, subsection
15 13 8.

15 14 c. To the extent that any school district has issued bonds
15 15 anticipating the proceeds of a local sales and services tax
15 16 for school infrastructure purposes prior to July 1, 2008, the
15 17 pledge of such tax receipts for the payment of principal and
15 18 interest on such bonds shall be replaced by a pledge of its
15 19 share of the revenues the school district receives under this
15 20 section.

15 21 2. A secure an advanced vision for education fund is
15 22 created as a separate and distinct fund in the state treasury
15 23 under the control of the department of revenue. Moneys in the
15 24 fund include revenues credited to the fund pursuant to this
15 25 chapter, appropriations made to the fund, and other moneys
15 26 deposited into the fund. Subject to subsection 3, any amounts
15 27 disbursed from the fund shall be utilized for school
15 28 infrastructure purposes or property tax relief.

15 29 3. The moneys available in a fiscal year in the secure an
15 30 advanced vision for education fund shall be distributed by the
15 31 department of revenue to each school district in an amount
15 32 equal to the amount the school district would have received
15 33 pursuant to the formula in section 423E.4 as if the local
15 34 sales and services tax for school infrastructure purposes was
15 35 imposed. Moneys in a fiscal year that are in excess of that
16 1 needed to provide each school district with its formula amount
16 2 shall be distributed and credited to the property tax equity
16 3 and relief fund created in section 257.16A.

16 4 4. a. The director of revenue by August 15 of each fiscal
16 5 year shall send to each school district an estimate of the
16 6 amount of tax moneys each school district will receive for the
16 7 year and for each month of the year. At the end of each
16 8 month, the director may revise the estimates for the year and

16 9 remaining months.

16 10 b. The director shall remit ninety=five percent of the
16 11 estimated tax receipts for the school district to the school
16 12 district on or before August 31 of the fiscal year and on or
16 13 before the last day of each following month.

16 14 c. The director shall remit a final payment of the
16 15 remainder of tax moneys due for the fiscal year before
16 16 November 10 of the next fiscal year. If an overpayment has
16 17 resulted during the previous fiscal year, the November payment
16 18 shall be adjusted to reflect any overpayment.

16 19 Sec. 29. NEW SECTION. 423F.3 USE OF REVENUES.

16 20 1. A school district receiving revenues from the secure an
16 21 advanced vision for education fund under this chapter without
16 22 a valid revenue purpose statement shall expend the revenues
16 23 subject to subsections 2 and 3 for the following purposes:

16 24 a. Reduction of bond levies under sections 298.18 and
16 25 298.18A and all other debt levies.

16 26 b. Reduction of the regular and voter=approved physical
16 27 plant and equipment levy under section 298.2.

16 28 c. Reduction of the public educational and recreational
16 29 levy under section 300.2.

16 30 d. Reduction of the schoolhouse tax levy under section
16 31 278.1, subsection 7, Code 1989.

16 32 e. For any authorized infrastructure purpose of the school
16 33 district as defined in subsection 6.

16 34 f. For the payment of principal and interest on bonds
16 35 issued under sections 423E.5 and 423F.4.

17 1 2. A revenue purpose statement in existence for the
17 2 expenditure of local sales and services tax for school
17 3 infrastructure purposes imposed by a county pursuant to
17 4 section 423E.2, Code 2007, prior to July 1, 2008, shall remain
17 5 in effect until amended or extended. The board of directors
17 6 of a school district may take action to adopt or amend a
17 7 revenue purpose statement specifying the specific purposes for
17 8 which the revenues received from the secure an advanced vision
17 9 for education fund will be expended. If a school district is
17 10 located in a county which has imposed a local sales and
17 11 services tax for school infrastructure purposes prior to July
17 12 1, 2008, this action shall be taken before expending or
17 13 anticipating revenues to be received after the unextended term
17 14 of the tax unless the school district elects to adopt a
17 15 revenue purpose statement as provided in subsection 3.

17 16 3. a. If the board of directors adopts a resolution to
17 17 use funds received under the operation of this chapter solely
17 18 for providing property tax relief by reducing indebtedness
17 19 from the levies specified under section 298.2 or 298.18, the
17 20 board of directors may approve a revenue purpose statement for
17 21 that purpose without submitting the revenue purpose statement
17 22 to a vote of the electors.

17 23 b. If the board of directors intends to use funds for
17 24 purposes other than those listed in paragraph "a", or change
17 25 the use of funds to purposes other than those listed in
17 26 paragraph "a", the board shall adopt a revenue purpose
17 27 statement, subject to approval of the electors, listing the
17 28 proposed use of the funds. School districts shall submit the
17 29 statement to the voters no later than sixty days prior to the
17 30 expiration of any existing revenue purpose statement or change
17 31 in use not included in the existing revenue purpose statement.

17 32 c. The board secretary shall notify the county
17 33 commissioner of elections of the intent to take the issue to
17 34 the voters. The county commissioner of elections shall
17 35 publish the notices required by law for special or general
18 1 elections, and the election shall be held not sooner than
18 2 thirty days nor later than forty days after notice from the
18 3 school board. A majority of those voting on the question must
18 4 favor approval of the revenue purpose statement. If the
18 5 proposal is not approved, the school district shall not submit
18 6 the same or new revenue purpose statement to the electors for
18 7 a period of six months from the date of the previous election.

18 8 4. The revenues received pursuant to this chapter shall be
18 9 expended for the purposes specified in the revenue purpose
18 10 statement. If a board of directors has not approved a revenue
18 11 purpose statement, the revenues shall be expended in the order
18 12 listed in subsection 1 except that the payment of bonds for
18 13 which the revenues have been pledged shall be paid first.
18 14 Once approved, a revenue purpose statement is effective until
18 15 amended or repealed by the foregoing procedures. A revenue
18 16 purpose statement shall not be amended or repealed to reduce
18 17 the amount of revenue pledged to the payment of principal and
18 18 interest on bonds as long as any bonds authorized by sections
18 19 423E.5 and 423F.4 are outstanding unless funds sufficient to

18 20 pay principal, interest, and premium, if any, on the
18 21 outstanding obligations at or prior to maturity have been
18 22 properly set aside and pledged for that purpose.
18 23 5. A school district with a certified enrollment of fewer
18 24 than two hundred fifty pupils in the entire district or
18 25 certified enrollment of fewer than one hundred pupils in high
18 26 school shall not expend the amount received for new
18 27 construction without prior application to the department of
18 28 education and receipt of a certificate of need pursuant to
18 29 this subsection. A certificate of need is not required for
18 30 repairing schoolhouses or buildings, equipment, technology, or
18 31 transportation equipment for transporting students as provided
18 32 in section 298.3, or for construction necessary for compliance
18 33 with the federal Americans With Disabilities Act pursuant to
18 34 42 U.S.C. } 12101==12117. In determining whether a
18 35 certificate of need shall be issued or denied, the department

19 1 shall consider all of the following:

19 2 a. Enrollment trends in the grades that will be served at
19 3 the new construction site.

19 4 b. The infeasibility of remodeling, reconstructing, or
19 5 repairing existing buildings.

19 6 c. The fire and health safety needs of the school
19 7 district.

19 8 d. The distance, convenience, cost of transportation, and
19 9 accessibility of the new construction site to the students to
19 10 be served at the new construction site.

19 11 e. Availability of alternative, less costly, or more
19 12 effective means of serving the needs of the students.

19 13 f. The financial condition of the district, including the
19 14 effect of the decline of the budget guarantee and unspent
19 15 balance.

19 16 g. Broad and long-term ability of the district to support
19 17 the facility and the quality of the academic program.

19 18 h. Cooperation with other educational entities including
19 19 other school districts, area education agencies, postsecondary
19 20 institutions, and local communities.

19 21 6. a. For purposes of this chapter, "school
19 22 infrastructure" means those activities authorized in section
19 23 423E.1, subsection 3, Code 2007.

19 24 b. Additionally, "school infrastructure" includes the
19 25 payment or retirement of outstanding bonds previously issued
19 26 for school infrastructure purposes as defined in this
19 27 subsection, and the payment or retirement of bonds issued
19 28 under sections 423E.5 and 423F.4.

19 29 c. A school district that uses secure an advanced vision
19 30 for education fund moneys for school infrastructure shall
19 31 comply with the state building code in the absence of a local
19 32 building code.

19 33 7. The general assembly shall not alter the purposes for
19 34 which the revenues received under this section may be used
19 35 from infrastructure and property tax relief purposes to any
20 1 other purpose unless the bill is approved by a vote of at
20 2 least two-thirds of the members of both chambers of the
20 3 general assembly and is signed by the governor.

20 4 Sec. 30. NEW SECTION. 423F.4 BORROWING AUTHORITY FOR
20 5 SCHOOL DISTRICTS.

20 6 A school district may anticipate its share of the revenues
20 7 under section 423F.2 by issuing bonds in the manner provided
20 8 in section 423E.5. However, to the extent any school district
20 9 has issued bonds anticipating the proceeds of an extended
20 10 local sales and services tax for school infrastructure
20 11 purposes imposed by a county pursuant to chapter 423E, Code
20 12 2007, prior to July 1, 2008, the pledge of such revenues for
20 13 the payment of principal and interest on such bonds shall be
20 14 replaced by a pledge of its share of the revenues under
20 15 section 423F.2.

20 16 Sec. 31. NEW SECTION. 423F.5 CONTENTS OF FINANCIAL
20 17 AUDIT.

20 18 A school district shall include as part of its financial
20 19 audit for the budget year beginning July 1, 2007, and for each
20 20 subsequent budget year the amount received during the year
20 21 pursuant to chapter 423E or 423F, as applicable. In addition,
20 22 the financial audit shall include the amount of bond levies,
20 23 physical plant and equipment levy, and public educational and
20 24 recreational levy reduced as a result of the moneys received
20 25 under chapter 423E or 423F, as applicable. The amount of the
20 26 reductions shall be stated in terms of dollars and cents per
20 27 one thousand dollars of valuation and in total amount of
20 28 property tax dollars. Also included shall be an accounting of
20 29 the amount of moneys received which were spent for
20 30 infrastructure purposes pursuant to chapter 423E or 423F, as

20 31 applicable.
20 32 The auditor of state may prescribe necessary forms and
20 33 procedures for the consistent collection of the information
20 34 required by this section.

20 35 Sec. 32. NEW SECTION. 423F.6 REPEAL.

21 1 This chapter is repealed December 31, 2029.

21 2 Sec. 33. Section 423E.1, Code 2007, is repealed.

21 3 Sec. 34. Section 423E.2, Code Supplement 2007, is
21 4 repealed.

21 5 Sec. 35. CONSTRUCTION CONTRACTORS.

21 6 1. Construction contractors may make application to the
21 7 department of revenue for a refund of the additional one
21 8 percent tax paid under chapter 423 by reason of the increase
21 9 in the sales and use taxes from five to six percent for taxes
21 10 paid on goods, wares, or merchandise under the following
21 11 conditions:

21 12 a. The goods, wares, or merchandise are incorporated into
21 13 an improvement to real estate in fulfillment of a written
21 14 contract fully executed prior to July 1, 2008. The refund
21 15 shall not apply to equipment transferred in fulfillment of a
21 16 mixed construction contract.

21 17 b. The contractor has paid to the department of revenue or
21 18 to a retailer the full six percent tax.

21 19 c. The claim is filed on forms provided by the department
21 20 of revenue and is filed within one year of the date the tax is
21 21 paid.

21 22 2. A contractor who makes an erroneous application for
21 23 refund shall be liable for payment of the excess refund paid
21 24 plus interest at the rate in effect under section 421.7. In
21 25 addition, a contractor who willfully makes a false application
21 26 for refund is liable for a penalty equal to fifty percent of
21 27 the excess refund claimed. Excess refunds, penalties, and
21 28 interest due under this section may be enforced and collected
21 29 in the same manner as the tax imposed by chapter 423.

21 30 Sec. 36. APPLICABILITY. This section applies in regard to
21 31 the increase in the state sales and use taxes from five to six
21 32 percent. The six percent rate applies to all sales of taxable
21 33 personal property, consisting of goods, wares, or merchandise
21 34 if delivery occurs on or after July 1, 2008. The six percent
21 35 use tax rate applies to the use of property when the first
22 1 taxable use in this state occurs on or after July 1, 2008.
22 2 The six percent rate applies to the gross receipts from the
22 3 sale, furnishing, or service of gas, electricity, water, heat,
22 4 pay television service, and communication service if the date
22 5 of billing the customer is on or after July 1, 2008. In the
22 6 case of a service contract entered into prior to July 1, 2008,
22 7 which contract calls for periodic payments, the six percent
22 8 rate applies to those payments made or due on or after July 1,
22 9 2008. This periodic payment applies but is not limited to
22 10 tickets or admissions, private club membership fees, sources
22 11 of amusement, equipment rental, dry cleaning, reducing salons,
22 12 dance schools, and all other services subject to tax, except
22 13 the aforementioned utility services which are subject to a
22 14 special transitional rule. Unlike periodic payments under
22 15 service contracts, installment sales of goods, wares, and
22 16 merchandise are subject to the full amount of sales or use tax
22 17 when the sales contract is entered into or the property is
22 18 first used in Iowa.

22 19 COORDINATING AMENDMENTS

22 20 Sec. 37. Section 8.57, subsection 6, paragraph f, Code
22 21 Supplement 2007, is amended to read as follows:

22 22 f. There is appropriated from the rebuild Iowa
22 23 infrastructure fund to the secure an advanced vision for
22 24 education fund created in section ~~423E.4~~ 423F.2, for each
22 25 fiscal year of the fiscal period beginning July 1, ~~2004~~ 2008,
22 26 and ending June 30, 2014, the amount of the moneys in excess
22 27 of the first forty-seven million dollars credited to the
22 28 rebuild Iowa infrastructure fund during the fiscal year, not
22 29 to exceed ten million dollars.

22 30 Sec. 38. Section 76.4, Code 2007, is amended to read as
22 31 follows:

22 32 76.4 PERMISSIVE APPLICATION OF FUNDS.

22 33 Whenever the governing authority of such political
22 34 subdivision shall have on hand funds derived from any other
22 35 source than taxation which may be appropriated to the payment
23 1 either of interest or principal, or both principal and
23 2 interest of such bonds, such funds may be so appropriated and
23 3 used and the levy for the payment of the bonds correspondingly
23 4 reduced. This section shall not restrict the authority of a
23 5 political subdivision to apply sales and services tax receipts
23 6 collected pursuant to chapter 423B for such purpose.

23 7 Notwithstanding section ~~423E.1, subsection 3~~ 423F.3, a school
23 8 district may apply local sales and services tax receipts
23 9 ~~collected received~~ pursuant to chapter ~~423E~~ 423F for the
23 10 purposes of this section.

23 11 Sec. 39. Section 292.1, subsection 8, Code 2007, is
23 12 amended to read as follows:

23 13 8. "Sales tax capacity per pupil" means the estimated
23 14 amount of revenues that a school district receives or would
23 15 receive if a local sales and services tax for school
23 16 infrastructure is imposed at one percent from the secure an
23 17 advanced vision for education fund pursuant to section ~~423E.2~~
23 18 ~~423F.2~~, divided by the school district's basic enrollment for
23 19 the budget year. ~~For the budget year beginning July 1, 2000,~~
23 20 ~~the school district's actual enrollment shall be used in the~~
23 21 ~~calculation in place of the school district's basic enrollment~~
23 22 ~~for the budget year.~~

23 23 Sec. 40. Section 292.2, subsection 1, paragraph c, Code
23 24 2007, is amended to read as follows:

23 25 c. The department of education, in consultation with the
23 26 department of revenue and the legislative services agency,
23 27 shall annually calculate the estimated ~~sales and services~~ tax
23 28 for school infrastructure, ~~if imposed at one percent~~, that is
23 29 or would be received by each school district in the state
23 30 pursuant to section ~~423E.3~~ 423F.2. These calculations shall
23 31 be made on a total tax and on a tax per pupil basis for each
23 32 school district.

23 33 Sec. 41. Section 292.2, subsection 2, paragraph a,
23 34 subparagraph (2), Code 2007, is amended to read as follows:

23 35 (2) ~~Local sales and services tax~~ Tax moneys received
24 1 pursuant to section ~~423E.3~~ 423F.2.

24 2 Sec. 42. Section 292.2, subsection 3, paragraph i, Code
24 3 2007, is amended by striking the paragraph.

24 4 Sec. 43. Section 292.2, subsection 7, paragraph d, Code
24 5 2007, is amended to read as follows:

24 6 d. A school district ~~for which a sales and services tax~~
24 7 ~~for school infrastructure has not been imposed pursuant to~~
24 8 ~~section 423E.2 or a school district receiving minimal revenues~~
24 9 under section ~~423E.3~~ 423F.2 when the total enrollment of the
24 10 school district is considered.

24 11 Sec. 44. Section 292.2, subsection 10, Code 2007, is
24 12 amended by striking the subsection.

24 13 Sec. 45. Section 312.1, subsection 4, Code 2007, is
24 14 amended to read as follows:

24 15 4. To the extent provided in section 423.43, subsection ~~±~~
24 16 ~~2~~, paragraph ~~"b"~~ "a", subparagraph (2), from revenue derived
24 17 from the use tax, under chapter 423 on motor vehicles,
24 18 trailers, and motor vehicle accessories and equipment.

24 19 Sec. 46. Section 312.2, subsection 14, Code Supplement
24 20 2007, is amended to read as follows:

24 21 14. The treasurer of state, before making the allotments
24 22 provided for in this section, shall credit monthly from the
24 23 road use tax fund to the state department of transportation
24 24 from revenue credited to the road use tax fund under section
24 25 423.43, subsection ~~±~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
24 26 an amount equal to one-twentieth of eighty percent of the
24 27 revenue from the operation of section 423.26, to be used for
24 28 purposes of public transit assistance under chapter 324A.

24 29 Sec. 47. Section 321.34, subsection 7, paragraph c, Code
24 30 Supplement 2007, is amended to read as follows:

24 31 c. The fees for a collegiate registration plate are as
24 32 follows:

24 33 (1) A registration fee of twenty-five dollars.
24 34 (2) A special collegiate registration fee of twenty-five
24 35 dollars.

25 1 These fees are in addition to the regular annual
25 2 registration fee. The fees collected by the director under
25 3 this subsection shall be paid monthly to the treasurer of
25 4 state and credited by the treasurer of state to the road use
25 5 tax fund. Notwithstanding section 423.43 and prior to the
25 6 revenues being credited to the road use tax fund under section
25 7 423.43, subsection ~~±~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
25 8 the treasurer of state shall credit monthly from those
25 9 revenues respectively, to Iowa state university of science and
25 10 technology, the university of northern Iowa, and the state
25 11 university of Iowa, the amount of the special collegiate
25 12 registration fees collected in the previous month for
25 13 collegiate registration plates designed for the university.
25 14 The moneys credited are appropriated to the respective
25 15 universities to be used for scholarships for students
25 16 attending the universities.

25 17 Sec. 48. Section 321.34, subsection 10, paragraph c, Code

25 18 Supplement 2007, is amended to read as follows:

25 19 c. The special fees collected by the director under this
25 20 subsection shall be paid monthly to the treasurer of state and
25 21 credited to the road use tax fund. Notwithstanding section
25 22 423.43, and prior to the crediting of revenues to the road use
25 23 tax fund under section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~
25 24 "a", subparagraph (2), the treasurer of state shall transfer
25 25 monthly from those revenues to the Paul Ryan memorial fire
25 26 fighter safety training fund created pursuant to section
25 27 100B.12 the amount of the special fees collected in the
25 28 previous month for the fire fighter plates.

25 29 Sec. 49. Section 321.34, subsection 10A, paragraph b, Code
25 30 Supplement 2007, is amended to read as follows:

25 31 b. The special fees collected by the director under this
25 32 subsection shall be paid monthly to the treasurer of state and
25 33 credited to the road use tax fund. Notwithstanding section
25 34 423.43, and prior to the crediting of revenues to the road use
25 35 tax fund under section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~
26 1 "a", subparagraph (2), the treasurer of state shall transfer
26 2 monthly from those revenues to the emergency medical services
26 3 fund created in section 135.25 the amount of the special fees
26 4 collected in the previous month for issuance of emergency
26 5 medical services plates.

26 6 Sec. 50. Section 321.34, subsection 11, paragraph c,
26 7 unnumbered paragraph 1, Code Supplement 2007, is amended to
26 8 read as follows:

26 9 The special natural resources fee for letter number
26 10 designated natural resources plates is forty-five dollars.
26 11 The fee for personalized natural resources plates is
26 12 forty-five dollars which shall be paid in addition to the
26 13 special natural resources fee of forty-five dollars. The fees
26 14 collected by the director under this subsection shall be paid
26 15 monthly to the treasurer of state and credited to the road use
26 16 tax fund. Notwithstanding section 423.43, and prior to the
26 17 crediting of revenues to the road use tax fund under section
26 18 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
26 19 the treasurer of state shall credit monthly from those
26 20 revenues to the Iowa resources enhancement and protection fund
26 21 created pursuant to section 455A.18, the amount of the special
26 22 natural resources fees collected in the previous month for the
26 23 natural resources plates.

26 24 Sec. 51. Section 321.34, subsection 11A, paragraph c, Code
26 25 Supplement 2007, is amended to read as follows:

26 26 c. The special fee for letter number designated love our
26 27 kids plates is thirty-five dollars. The fee for personalized
26 28 love our kids plates is twenty-five dollars, which shall be
26 29 paid in addition to the special love our kids fee of
26 30 thirty-five dollars. The fees collected by the director under
26 31 this subsection shall be paid monthly to the treasurer of
26 32 state and credited to the road use tax fund. Notwithstanding
26 33 section 423.43, and prior to the crediting of revenues to the
26 34 road use tax fund under section 423.43, subsection ~~1~~ 2,
26 35 paragraph ~~"b"~~ "a", subparagraph (2), the treasurer of state
27 1 shall transfer monthly from those revenues to the Iowa
27 2 department of public health the amount of the special fees
27 3 collected in the previous month for the love our kids plates.
27 4 Notwithstanding section 8.33, moneys transferred under this
27 5 subsection shall not revert to the general fund of the state.

27 6 Sec. 52. Section 321.34, subsection 11B, paragraph c, Code
27 7 Supplement 2007, is amended to read as follows:

27 8 c. The special fee for letter number designated motorcycle
27 9 rider education plates is thirty-five dollars. The fee for
27 10 personalized motorcycle rider education plates is twenty-five
27 11 dollars, which shall be paid in addition to the special
27 12 motorcycle rider education fee of thirty-five dollars. The
27 13 fees collected by the director under this subsection shall be
27 14 paid monthly to the treasurer of state and credited to the
27 15 road use tax fund. Notwithstanding section 423.43, and prior
27 16 to the crediting of revenues to the road use tax fund under
27 17 section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a",
27 18 subparagraph (2), the treasurer of state shall transfer
27 19 monthly from those revenues to the department for use in
27 20 accordance with section 321.180B, subsection 6, the amount of
27 21 the special fees collected in the previous month for the
27 22 motorcycle rider education plates.

27 23 Sec. 53. Section 321.34, subsection 13, paragraph d, Code
27 24 Supplement 2007, is amended to read as follows:

27 25 d. A state agency may submit a request to the department
27 26 recommending a special registration plate. The alternate fee
27 27 for letter number designated plates is thirty-five dollars
27 28 with a ten dollar annual special renewal fee. The fee for

27 29 personalized plates is twenty=five dollars which is in
27 30 addition to the alternative fee of thirty=five dollars with an
27 31 annual personalized plate renewal fee of five dollars which is
27 32 in addition to the special renewal fee of ten dollars. The
27 33 alternate fees are in addition to the regular annual
27 34 registration fee. The alternate fees collected under this
27 35 paragraph shall be paid monthly to the treasurer of state and
28 1 credited to the road use tax fund. Notwithstanding section
28 2 423.43, and prior to the crediting of the revenues to the road
28 3 use tax fund under section 423.43, subsection ~~±~~ 2, paragraph
28 4 ~~"b"~~ "a", subparagraph (2), the treasurer of state shall credit
28 5 monthly the amount of the alternate fees collected in the
28 6 previous month to the state agency that recommended the
28 7 special registration plate.

28 8 Sec. 54. Section 321.34, subsection 16, unnumbered
28 9 paragraph 1, Code Supplement 2007, is amended to read as
28 10 follows:

28 11 An owner referred to in subsection 12 who is a member of
28 12 the national guard, as defined in chapter 29A, may, upon
28 13 written application to the department, order special
28 14 registration plates with a national guard processed emblem
28 15 with the emblem designed by the department in cooperation with
28 16 the adjutant general which emblem signifies that the applicant
28 17 is a member of the national guard. The application shall be
28 18 approved by the department in consultation with the adjutant
28 19 general. The special plate fees collected by the director
28 20 under subsection 12, paragraph "a", from the issuance and
28 21 annual validation of letter=number designated and personalized
28 22 national guard plates shall be paid monthly to the treasurer
28 23 of state and credited to the road use tax fund.

28 24 Notwithstanding section 423.43, and prior to the crediting of
28 25 revenues to the road use tax fund under section 423.43,
28 26 subsection ~~±~~ 2, paragraph ~~"b"~~ "a", subparagraph (2), the
28 27 treasurer of state shall transfer monthly from those revenues
28 28 to the veterans license fee fund created in section 35A.11 the
28 29 amount of the special fees collected in the previous month for
28 30 national guard plates. Special registration plates with a
28 31 national guard processed emblem shall be surrendered, as
28 32 provided in subsection 12, in exchange for regular
28 33 registration plates upon termination of the owner's membership
28 34 in the active national guard.

28 35 Sec. 55. Section 321.34, subsection 17, unnumbered
29 1 paragraph 1, Code Supplement 2007, is amended to read as
29 2 follows:

29 3 An owner referred to in subsection 12 who was at Pearl
29 4 Harbor, Hawaii, as a member of the armed services of the
29 5 United States on December 7, 1941, may, upon written
29 6 application to the department, order special registration
29 7 plates with a Pearl Harbor processed emblem. The emblem shall
29 8 be designed by the department in consultation with service
29 9 organizations. The application is subject to approval by the
29 10 department. The special plate fees collected by the director
29 11 under subsection 12, paragraph "a", from the issuance and
29 12 annual validation of letter=number designated and personalized
29 13 Pearl Harbor plates shall be paid monthly to the treasurer of
29 14 state and credited to the road use tax fund. Notwithstanding
29 15 section 423.43, and prior to the crediting of revenues to the
29 16 road use tax fund under section 423.43, subsection ~~±~~ 2,
29 17 paragraph ~~"b"~~ "a", subparagraph (2), the treasurer of state
29 18 shall transfer monthly from those revenues to the veterans
29 19 license fee fund created in section 35A.11 the amount of the
29 20 special fees collected in the previous month for Pearl Harbor
29 21 plates.

29 22 Sec. 56. Section 321.34, subsection 18, unnumbered
29 23 paragraph 1, Code Supplement 2007, is amended to read as
29 24 follows:

29 25 An owner referred to in subsection 12 who was awarded a
29 26 purple heart medal by the United States government for wounds
29 27 received in military or naval combat against an armed enemy of
29 28 the United States may, upon written application to the
29 29 department and presentation of satisfactory proof of the award
29 30 of the purple heart medal, order special registration plates
29 31 with a purple heart processed emblem. The design of the
29 32 emblem shall include a representation of a purple heart medal
29 33 and ribbon. The application is subject to approval by the
29 34 department in consultation with the adjutant general. The
29 35 special plate fees collected by the director under subsection
30 1 12, paragraph "a", from the issuance and annual validation of
30 2 letter=number designated and personalized purple heart plates
30 3 shall be paid monthly to the treasurer of state and credited
30 4 to the road use tax fund. Notwithstanding section 423.43, and

30 5 prior to the crediting of revenues to the road use tax fund
30 6 under section 423.43, subsection ~~± 2~~, paragraph ~~"b"~~ "a",
30 7 subparagraph (2), the treasurer of state shall transfer
30 8 monthly from those revenues to the veterans license fee fund
30 9 created in section 35A.11 the amount of the special fees
30 10 collected in the previous month for purple heart plates.
30 11 Sec. 57. Section 321.34, subsection 19, unnumbered
30 12 paragraph 1, Code Supplement 2007, is amended to read as
30 13 follows:

30 14 An owner referred to in subsection 12 who is a retired
30 15 member of the United States armed forces may, upon written
30 16 application to the department and upon presentation of
30 17 satisfactory proof of membership, order special registration
30 18 plates with a United States armed forces retired processed
30 19 emblem. The emblem shall be designed by the department in
30 20 consultation with service organizations. The application is
30 21 subject to approval by the department. For purposes of this
30 22 subsection, a person is considered to be retired if the person
30 23 is recognized by the United States armed forces as retired
30 24 from the United States armed forces. The special plate fees
30 25 collected by the director under subsection 12, paragraph "a",
30 26 from the issuance and annual validation of letter=number
30 27 designated and personalized armed forces retired plates shall
30 28 be paid monthly to the treasurer of state and credited to the
30 29 road use tax fund. Notwithstanding section 423.43, and prior
30 30 to the crediting of revenues to the road use tax fund under
30 31 section 423.43, subsection ~~± 2~~, paragraph ~~"b"~~ "a",
30 32 subparagraph (2), the treasurer of state shall transfer

30 33 monthly from those revenues to the veterans license fee fund
30 34 created in section 35A.11 the amount of the special fees
30 35 collected in the previous month for armed forces retired
31 1 plates.

31 2 Sec. 58. Section 321.34, subsection 20, unnumbered
31 3 paragraph 1, Code Supplement 2007, is amended to read as
31 4 follows:

31 5 An owner referred to in subsection 12 who was awarded a
31 6 silver or a bronze star by the United States government, may,
31 7 upon written application to the department and presentation of
31 8 satisfactory proof of the award of the silver or bronze star,
31 9 order special registration plates with a silver or bronze star
31 10 processed emblem. The emblem shall be designed by the
31 11 department in consultation with the adjutant general. The
31 12 special plate fees collected by the director under subsection
31 13 12, paragraph "a", from the issuance and annual validation of
31 14 letter=number designated and personalized silver star and
31 15 bronze star plates shall be paid monthly to the treasurer of
31 16 state and credited to the road use tax fund. Notwithstanding
31 17 section 423.43, and prior to the crediting of revenues to the
31 18 road use tax fund under section 423.43, subsection ~~± 2~~,
31 19 paragraph ~~"b"~~ "a", subparagraph (2), the treasurer of state
31 20 shall transfer monthly from those revenues to the veterans
31 21 license fee fund created in section 35A.11 the amount of the
31 22 special fees collected in the previous month for silver star
31 23 and bronze star plates.

31 24 Sec. 59. Section 321.34, subsection 20A, unnumbered
31 25 paragraph 1, Code Supplement 2007, is amended to read as
31 26 follows:

31 27 An owner referred to in subsection 12 who was awarded a
31 28 distinguished service cross, a navy cross, or an air force
31 29 cross by the United States government may, upon written
31 30 application to the department and presentation of satisfactory
31 31 proof of the award, order special registration plates with a
31 32 distinguished service cross, navy cross, or air force cross
31 33 processed emblem. The emblem shall be designed by the
31 34 department in consultation with the adjutant general. The
31 35 special plate fees collected by the director under subsection
32 1 12, paragraph "a", from the issuance and annual validation of
32 2 letter=number designated and personalized distinguished
32 3 service cross, navy cross, and air force cross plates shall be
32 4 paid monthly to the treasurer of state and credited to the
32 5 road use tax fund. Notwithstanding section 423.43, and prior
32 6 to the crediting of revenues to the road use tax fund under
32 7 section 423.43, subsection ~~± 2~~, paragraph ~~"b"~~ "a",
32 8 subparagraph (2), the treasurer of state shall transfer

32 9 monthly from those revenues to the veterans license fee fund
32 10 created in section 35A.11 the amount of the special fees
32 11 collected in the previous month for distinguished service
32 12 cross, navy cross, and air force cross plates.

32 13 Sec. 60. Section 321.34, subsection 20B, unnumbered
32 14 paragraph 1, Code Supplement 2007, is amended to read as
32 15 follows:

32 16 An owner referred to in subsection 12 who was awarded a
32 17 soldier's medal, a navy and marine corps medal, or an airman's
32 18 medal by the United States government may, upon written
32 19 application to the department and presentation of satisfactory
32 20 proof of the award, order special registration plates with a
32 21 soldier's medal, navy and marine corps medal, or airman's
32 22 medal processed emblem. The emblem shall be designed by the
32 23 department in consultation with the adjutant general. The
32 24 special plate fees collected by the director under subsection
32 25 12, paragraph "a", from the issuance and annual validation of
32 26 letter=number designated and personalized soldier's medal,
32 27 navy and marine corps medal, and airman's medal plates shall
32 28 be paid monthly to the treasurer of state and credited to the
32 29 road use tax fund. Notwithstanding section 423.43, and prior
32 30 to the crediting of revenues to the road use tax fund under
32 31 section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a",
32 32 subparagraph (2), the treasurer of state shall transfer

32 33 monthly from those revenues to the veterans license fee fund
32 34 created in section 35A.11 the amount of the special fees
32 35 collected in the previous month for soldier's medal, navy and
33 1 marine corps medal, and airman's medal plates.

33 2 Sec. 61. Section 321.34, subsection 21, paragraph c, Code
33 3 Supplement 2007, is amended to read as follows:

33 4 c. The special fees collected by the director under this
33 5 subsection shall be paid monthly to the treasurer of state and
33 6 credited to the road use tax fund. Notwithstanding section
33 7 423.43, and prior to the crediting of revenues to the road use
33 8 tax fund under section 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~
33 9 "a", subparagraph (2), the treasurer of state shall credit
33 10 monthly to the Iowa heritage fund created under section 303.9A
33 11 the amount of the special fees collected in the previous month
33 12 for the Iowa heritage plates.

33 13 Sec. 62. Section 321.34, subsection 22, paragraph b, Code
33 14 Supplement 2007, is amended to read as follows:

33 15 b. The special school transportation fee for letter number
33 16 designated education plates is thirty=five dollars. The fee
33 17 for personalized education plates is twenty=five dollars,
33 18 which shall be paid in addition to the special school
33 19 transportation fee of thirty=five dollars. The annual special
33 20 school transportation fee is ten dollars for letter number
33 21 designated registration plates and is fifteen dollars for
33 22 personalized registration plates which shall be paid in
33 23 addition to the regular annual registration fee. The fees
33 24 collected by the director under this subsection shall be paid
33 25 monthly to the treasurer of state and credited to the road use
33 26 tax fund. Notwithstanding section 423.43, and prior to the
33 27 crediting of revenues to the road use tax fund under section
33 28 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
33 29 the treasurer of state shall transfer monthly from those
33 30 revenues to the school budget review committee in accordance
33 31 with section 257.31, subsection 17, the amount of the special
33 32 school transportation fees collected in the previous month for
33 33 the education plates.

33 34 Sec. 63. Section 321.34, subsection 23, paragraph c, Code
33 35 Supplement 2007, is amended to read as follows:

34 1 c. The special fee for letter number designated breast
34 2 cancer awareness plates is thirty=five dollars. The fee for
34 3 personalized breast cancer awareness plates is twenty=five
34 4 dollars, which shall be paid in addition to the special breast
34 5 cancer awareness fee of thirty=five dollars. The fees
34 6 collected by the director under this subsection shall be paid
34 7 monthly to the treasurer of state and credited to the road use
34 8 tax fund. Notwithstanding section 423.43, and prior to the
34 9 crediting of revenues to the road use tax fund under section
34 10 423.43, subsection ~~1~~ 2, paragraph ~~"b"~~ "a", subparagraph (2),
34 11 the treasurer of state shall transfer monthly from those
34 12 revenues to the Iowa department of public health the amount of
34 13 the special fees collected in the previous month for the
34 14 breast cancer awareness plates and such funds are appropriated
34 15 to the Iowa department of public health. The Iowa department
34 16 of public health shall distribute one hundred percent of the
34 17 funds received monthly in the form of grants to support breast
34 18 cancer screenings for both men and women who meet eligibility
34 19 requirements like those established by the Susan G. Komen
34 20 foundation. In the awarding of grants, the Iowa department of
34 21 public health shall give first consideration to affiliates of
34 22 the Susan G. Komen foundation and similar nonprofit
34 23 organizations providing for breast cancer screenings at no
34 24 cost in Iowa. Notwithstanding section 8.33, moneys
34 25 transferred under this subsection shall not revert to the
34 26 general fund of the state.

34 27 Sec. 64. Section 321.34, subsection 24, Code Supplement
34 28 2007, is amended to read as follows:

34 29 24. GOLD STAR PLATES. An owner referred to in subsection
34 30 12 who is the surviving spouse, parent, child, or sibling of a
34 31 deceased member of the United States armed forces who died
34 32 while serving on active duty during a time of military
34 33 conflict may order special registration plates bearing a gold
34 34 star emblem upon written application to the department
34 35 accompanied by satisfactory supporting documentation as
35 1 determined by the department. The gold star emblem shall be
35 2 designed by the department in cooperation with the commission
35 3 of veterans affairs. The special plate fees collected by the
35 4 director under subsection 12, paragraph "a", from the issuance
35 5 and annual validation of letter-number designated and
35 6 personalized gold star plates shall be paid monthly to the
35 7 treasurer of state and credited to the road use tax fund.
35 8 Notwithstanding section 423.43, and prior to the crediting of
35 9 revenues to the road use tax fund under section 423.43,
35 10 subsection ~~± 2~~, paragraph ~~"b"~~ "a", subparagraph (2), the
35 11 treasurer of state shall transfer monthly from those revenues
35 12 to the veterans license fee fund created in section 35A.11 the
35 13 amount of the special fees collected in the previous month for
35 14 gold star plates.

35 15 Sec. 65. Section 327I.26, Code 2007, is amended to read as
35 16 follows:

35 17 327I.26 APPROPRIATION TO AUTHORITY.

35 18 Notwithstanding section 423.43, and prior to the
35 19 application of section 423.43, subsection ~~± 2~~, paragraph ~~"b"~~
35 20 "a", subparagraph (2), there shall be deposited into the
35 21 general fund of the state and is appropriated to the authority
35 22 from eighty percent of the revenues derived from the operation
35 23 of section 423.26, the amounts certified by the authority
35 24 under section 327I.25. However, the total amount deposited
35 25 into the general fund and appropriated to the Iowa railway
35 26 finance authority under this section shall not exceed two
35 27 million dollars annually. Moneys appropriated to the Iowa
35 28 railway finance authority under this section are appropriated
35 29 only for the payment of principal and interest on obligations
35 30 or the payment of leases guaranteed by the authority as
35 31 provided under section 327I.25.

35 32 Sec. 66. Section 423.36, subsection 8, paragraph a, Code
35 33 2007, is amended to read as follows:

35 34 a. Except as provided in paragraph "b", purchasers, users,
35 35 and consumers of tangible personal property or enumerated
36 1 services taxed pursuant to subchapter II or III of this
36 2 chapter or ~~chapters chapter 423B and 423E~~ may be authorized,
36 3 pursuant to rules adopted by the director, to remit tax owed
36 4 directly to the department instead of the tax being collected
36 5 and paid by the seller. To qualify for a direct pay tax
36 6 permit, the purchaser, user, or consumer must accrue a tax
36 7 liability of more than four thousand dollars in tax under
36 8 subchapters II and III in a semimonthly period and make
36 9 deposits and file returns pursuant to section 423.31. This
36 10 authority shall not be granted or exercised except upon
36 11 application to the director and then only after issuance by
36 12 the director of a direct pay tax permit.

36 13 Sec. 67. Section 423.57, Code Supplement 2007, is amended
36 14 to read as follows:

36 15 423.57 STATUTES APPLICABLE.

36 16 The director shall administer this subchapter as it relates
36 17 to the taxes imposed in this chapter in the same manner and
36 18 subject to all the provisions of, and all of the powers,
36 19 duties, authority, and restrictions contained in sections
36 20 423.14, 423.15, 423.16, 423.17, 423.19, 423.20, 423.21,
36 21 423.22, 423.23, 423.24, 423.25, 423.28, 423.29, 423.31,
36 22 423.32, 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,
36 23 423.40, 423.41, and 423.42, section 423.43, subsection ~~± 1~~,
36 24 and sections 423.45, 423.46, and 423.47.

36 25 Sec. 68. Section 423B.7, subsection 6, paragraphs a and b,
36 26 Code 2007, are amended by striking the paragraphs.

36 27 Sec. 69. Section 455G.3, subsection 1, Code 2007, is
36 28 amended to read as follows:

36 29 1. The Iowa comprehensive petroleum underground storage
36 30 tank fund is created as a separate fund in the state treasury,
36 31 and any funds remaining in the fund at the end of each fiscal
36 32 year shall not revert to the general fund but shall remain in
36 33 the Iowa comprehensive petroleum underground storage tank
36 34 fund. Interest or other income earned by the fund shall be
36 35 deposited in the fund. The fund shall include moneys credited
37 1 to the fund under this section, section 423.43, subsection ~~±~~
37 2 2, paragraph "a", subparagraph (1), and sections 455G.8,

37 3 455G.9, and 455G.11, Code 2003, and other funds which by law
37 4 may be credited to the fund. The moneys in the fund are
37 5 appropriated to and for the purposes of the board as provided
37 6 in this chapter. Amounts in the fund shall not be subject to
37 7 appropriation for any other purpose by the general assembly,
37 8 but shall be used only for the purposes set forth in this
37 9 chapter. The treasurer of state shall act as custodian of the
37 10 fund and disburse amounts contained in it as directed by the
37 11 board including automatic disbursements of funds as received
37 12 pursuant to the terms of bond indentures and documents and
37 13 security provisions to trustees and custodians. The treasurer
37 14 of state is authorized to invest the funds deposited in the
37 15 fund at the direction of the board and subject to any
37 16 limitations contained in any applicable bond proceedings. The
37 17 income from such investment shall be credited to and deposited
37 18 in the fund. The fund shall be administered by the board
37 19 which shall make expenditures from the fund consistent with
37 20 the purposes of the programs set out in this chapter without
37 21 further appropriation. The fund may be divided into different
37 22 accounts with different depositories as determined by the
37 23 board and to fulfill the purposes of this chapter.

37 24 Sec. 70. Section 455G.6, subsection 4, Code 2007, is
37 25 amended to read as follows:

37 26 4. Grant a mortgage, lien, pledge, assignment, or other
37 27 encumbrance on one or more improvements, revenues, asset of
37 28 right, accounts, or funds established or received in
37 29 connection with the fund, including revenues derived from the
37 30 use tax under section 423.43, subsection ~~2~~, paragraph "a",
37 31 subparagraph (1), and deposited in the fund or an account of
37 32 the fund.

37 33 Sec. 71. Section 455G.8, subsection 2, Code 2007, is
37 34 amended to read as follows:

37 35 2. USE TAX. The revenues derived from the use tax imposed
38 1 under chapter 423, subchapter III. The proceeds of the use
38 2 tax under section 423.43, subsection ~~2~~, paragraph "a",
38 3 subparagraph (1), shall be allocated, consistent with this
38 4 chapter, among the fund's accounts, for debt service and other
38 5 fund expenses, according to the fund budget, resolution, trust
38 6 agreement, or other instrument prepared or entered into by the
38 7 board or authority under direction of the board.

38 8 Sec. 72. 2007 Iowa Acts, chapter 179, section 6, is
38 9 amended to read as follows:

38 10 SEC. 6. Section 423.57, Code 2007, as amended by this Act,
38 11 is amended to read as follows:

38 12 423.57 STATUTES APPLICABLE.

38 13 The director shall administer this subchapter as it relates
38 14 to the taxes imposed in this chapter in the same manner and
38 15 subject to all the provisions of, and all of the powers,
38 16 duties, authority, and restrictions contained in sections
38 17 423.14, 423.15, 423.16, 423.17, 423.19, 423.20, 423.21,
38 18 423.22, 423.23, 423.24, 423.25, 423.28, 423.29, 423.31,
38 19 423.32, 423.33, 423.34, 423.34A, 423.35, 423.37, 423.38,
38 20 423.39, 423.40, 423.41, and 423.42, section 423.43, subsection
38 21 ~~2~~, and sections 423.45, 423.46, and 423.47.

38 22 Sec. 73. EFFECTIVE DATE. The section of this Act amending
38 23 2007 Iowa Acts, chapter 179, takes effect January 1, 2009.

38 24 EXPLANATION

38 25 This bill replaces the local option sales and services tax
38 26 for school infrastructure purposes by increasing the state
38 27 sales and use taxes from 5 percent to 6 percent, effective
38 28 July 1, 2008. The increased use tax rate does not apply to
38 29 the sale or lease of motor vehicles. The state sales and use
38 30 tax rates are reduced from 6 percent to 5 percent on January
38 31 1, 2030. The increased state sales and use tax revenues are
38 32 deposited into a new secure an advanced vision for education
38 33 fund to be distributed to all school districts. All existing
38 34 local sales and services taxes for school infrastructure
38 35 purposes are repealed. A statewide amount per pupil is
39 1 computed each fiscal year based upon the estimated amount that
39 2 would have been generated by a 1 percent local sales and
39 3 services tax divided by the combined enrollment of all school
39 4 districts. Each district will receive an amount equal to the
39 5 amount that it would have received under the formula if the
39 6 local sales and services tax for school infrastructure was
39 7 still imposed. Any funds left over after distribution under
39 8 the formula are to be distributed to a new property tax equity
39 9 and relief fund to be used to reduce school districts'
39 10 additional property tax levy. This reduction would be in
39 11 addition to the amounts already appropriated for this purpose
39 12 pursuant to Code section 257.4, subsection 4.

39 13 In determining the amounts that would have been collected

39 14 statewide and by each county and school district, a base
39 15 amount is established that is to be adjusted each fiscal year.
39 16 The base amount for a county equals the amount generated by
39 17 the 1 percent tax during FY 2007=2008. This figure is
39 18 adjusted by the estimated change in the state sales and use
39 19 tax collections for FY 2008=2009 as estimated by the revenue
39 20 estimating conference in April. This computation is done for
39 21 each subsequent fiscal year with the estimated change for the
39 22 next fiscal year applied to the previous fiscal year's
39 23 computation. The amount that would have been collected
39 24 statewide is determined by adding up the computational amounts
39 25 for all the counties.

39 26 Revenues received are to be used according to a revenue
39 27 purpose statement that was in existence under the replaced
39 28 tax. Prior to use of any revenues after the replaced tax
39 29 revenue purpose statement expires, the school district may
39 30 hold an election on the adoption of a new revenue purpose
39 31 statement. However, an election is not needed if the purposes
39 32 for which the revenues are to be used are for bond levy and
39 33 physical plant and equipment levy reductions.

39 34 The purposes for which the revenues may be used are the
39 35 reduction of bond levies, regular and voter approved physical
40 1 plant and equipment levy, public educational and recreational
40 2 levy, and schoolhouse tax levy, authorized infrastructure
40 3 purposes as defined in new Code section 423F.3, which are the
40 4 same activities listed under the repealed Code section 423E.1,
40 5 subsection 3, and payment of principal and interest of bonds
40 6 issued under Code chapter 423E or 423F. If a revenue purpose
40 7 statement is not approved, the revenues are to be used in the
40 8 order listed for the above purposes.

40 9 The new Code chapter 423F is repealed December 31, 2029, at
40 10 the time of the state sales and use tax rate reductions.

40 11 The bill provides an effective date.

40 12 LSB 5058HV 82

40 13 mg/rj/24